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**VIA OVERNIGHT MAIL**

January 16, 2006

Ms. Elizabeth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

John J. Finnigan  
Senior Counsel

**RECEIVED**

JAN 17 2006

PUBLIC SERVICE  
COMMISSION

Re: An Adjustment of the Gas Rate of The Union Light, Heat and Power Company  
Case No. 2005-00042

Dear Ms. O'Donnell:

Enclosed please find an original and twelve copies of the Refund Plan of The Union Light, Heat and Power Company in the above-referenced case.

Please file-stamp and return the two extra copies in the enclosed over-night envelope.

If you have any questions regarding this filing, please call me at (513) 287-3601.

Sincerely,

John J. Finnigan, Jr.  
Senior Counsel

JJF/sew

cc: All Parties of Record (with enclosures)

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>AN ADJUSTMENT OF THE GAS</b>	)	
<b>RATES OF THE UNION LIGHT,</b>	)	<b>CASE NO. 2005-00042</b>
<b>HEAT AND POWER COMPANY</b>	)	

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**REFUND PLAN OF**  
**THE UNION LIGHT, HEAT AND POWER COMPANY**

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Pursuant to the Commission's Order dated December 22, 2005, The Union Light, Heat and Power Company ("ULH&P") submits the following Refund Plan.

ULH&P implemented new rates at the proposed amount requested in its application, subject to refund, beginning October 1, 2005. ULH&P has entered the approved rates approved by the Commission in its Order dated December 22, 2005, into its billing system. ULH&P will have charged customers \$1,242,876.96 in excess revenues during the time the proposed rates and charges were in effect, as shown on the Refund Report at Attachment A. The average of the Three-Month Commercial Paper Rate for the period from October 1, 2005 through the end of the excess revenue period is 4.28%. The amount of excess revenues plus 4.28% interest through the end of the excess revenue period is \$1,244,803.82.

ULH&P notes that the Refund Plan shown on Attachment A provides for a few Rate GS customers to receive negative refunds (*e.g.*, the customer will owe more) because under the final rate design for Rate GS, the Commission approved a lower customer charge but a higher commodity charge than ULH&P had proposed. ULH&P

proposes to cancel these negative refunds, such that these customers will not receive any additional charges as a result of this Refund Plan. Although this will cause ULH&P to incur a loss of approximately \$19,000, ULH&P is willing to cancel these charges to avoid customer confusion.

ULH&P proposes to refund these excess revenues to current customers through a one-time credit, which ULH&P will apply to customers' bills after the Commission approves the Refund Plan. ULH&P will refund excess revenues to former customers who discontinued service after October 1, 2006 by check. The refund amounts will be based on each customer's usage while the proposed rates were in effect.

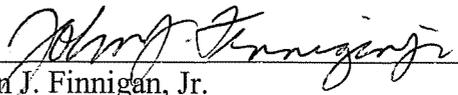
ULH&P requests that the Commission issue its ruling on this Refund Plan no earlier than January 30, 2006 and no later than February 3, 2006. This will allow the Billing Department sufficient lead time to perform the programming design and coding change for the rate adjustment, plus adequate testing time. This will also allow the Billing Department to implement the Refund Plan to synchronize with a previously scheduled new release of other billing software changes, which is scheduled to take effect during the weekend of February 18 and 19th. Finally, this will also allow ULH&P to complete the refund process within 60 days, as required by KRS 278.190(4).

Another benefit of this timetable is that it would allow ULH&P to apply all of the adjustments during one revenue period (March 2006), such that if customers call to inquire about their refund amounts, the Cinergy customer service representative can more easily answer their questions because the customer service representative would only need to review the customer's financial history for a single revenue period.

WHEREFORE, ULH&P respectfully prays that its Refund Plan be approved as requested herein.

Respectfully submitted,

THE UNION LIGHT, HEAT AND POWER  
COMPANY

  
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John J. Finnigan, Jr.  
Senior Counsel  
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(513) 287-3601

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Refund Plan of The Union Light, Heat and Power Company has been served by overnight mail to the following parties on this 16<sup>th</sup> day of January, 2006:

Hon. Elizabeth E. Blackford  
Office of Attorney General  
Utility Intervention and Rate Division  
1024 Capital Center Drive  
Frankfort, Kentucky 40601

  
\_\_\_\_\_  
John J. Finnigan, Jr.

**THE UNION LIGHT, HEAT & POWER COMPANY**  
Refund Report for Case No. 2005-00042

<u>RATE</u>	<u>CCF</u>	<u>Refunds</u>			<u>Base Refund</u>	<u>Interest</u>	<u>Total Refund</u>
		<u>October</u>	<u>November</u>	<u>December</u>			
RS	16,303,659	\$115,357.44	\$384,660.90	\$608,218.79	\$1,108,237.13	\$1,643.38	\$1,109,880.51
GS	9,394,389	21,097.75	45,246.31	30,569.08	96,913.14	238.38	97,151.52
IT	2,517,369	8,062.48	9,307.38	0.00	17,369.86	21.64	17,391.50
FT	2,287,288	8,839.97	11,516.86	0.00	20,356.83	23.46	20,380.29
<b>TOTAL</b>	<b>30,502,705</b>	<b>\$153,357.64</b>	<b>\$450,731.45</b>	<b>\$638,787.87</b>	<b>\$1,242,876.96</b>	<b>\$1,926.86</b>	<b>\$1,244,803.82</b>

**Negative Refunds**

	<u>October</u>		<u>November</u>		<u>December</u>		<u>Total</u>	
	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>	<u>Count</u>	<u>Amount</u>
RS	0	\$0.00	0	\$0.00	0	\$0.00	0	\$0.00
GS	99	860.32	244	5,376.72	726	12,551.35	1,069	18,788.39
IT	0	0.00	0	0.00	0	0.00	0	0.00
FT	0	0.00	0	0.00	0	0.00	0	0.00
<b>TOTAL</b>	<b>99</b>	<b>\$860.32</b>	<b>244</b>	<b>\$5,376.72</b>	<b>726</b>	<b>\$12,551.35</b>	<b>1,069</b>	<b>\$18,788.39</b>